

## **To Study Supply Chain Practices and Their Challenges: A Case Tanzania**

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### **Abstract**

*Owing to its importance in relation to optimizing market efficiency, supply chain management (SCM) has gained attention across the globe. While SCM has been successfully adopted by large businesses, it differs from small and medium-sized enterprises (SMEs) because they face many constraints that impede the effective adoption of SCM. The introduction of SCM in SMEs is affected by variables such as technical challenges, poor communication with the supplier's lack of government help, funding, funds, market penetration and top management support, information sharing problems, inventory management, poor SCM expertise and unskilled staff. This analysis evaluated these variables. In this research, a hybrid method approach was used where content analysis was used to define the SCM limitations by performing a comprehensive literature review. In order to explain the relationship between SCM impediments and successful SCM implementation in Tanzanian SMEs,*

**Keywords:** *supply chain management, Small and medium enterprises, firm performance, Tanzania*

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### **I. Introduction**

This Paper presented a general summary of the supply chain management concept, recent developments in the global food processing industry, accompanied by brief examples of the Tanzanian food processing industry along with the difficulties it faces, issue statements, research concerns, research goals. The chapter also covered the value of science.

#### **Background of the study**

Since the 1990s, when the world witnessed the era of heavy competition in the global economy to offer goods or services at the right location and at the right time the idea of supply chain management has acquired some significant attention. Since then, several efforts to boost the efficiency of supply chains have revolved around numerous sectors. Hewlett-Packard, West Co., Becton Dickinson, Baxter, Whirlpool, Wal-Mart, Georgia-Pacific Corp. are examples of early adopters of SCM activities that achieved breakthrough success in their companies. Only to name a handful of the (Qayyumet al., 2013; Lummus and Vokurka, 1999).

Recently, many businesses have shown tremendous interest in supply chain management since they have recently recognised that they can no longer compete successfully in spite with their vendors or other supply chain organisations, since improved supply chain management increases customer delivery while reducing total costs. Christopher (1998) discovered from his study results that corporations are no longer competing exclusively as independent organisations, but rather as a supply chain. Efficient supply chain management is thus seen as a must-have technique for any enterprise to succeed in order to be competitive in both the local industry and the global market. This includes handling the supply chain marketing relation and relating supply chain initiatives to the overall plan of the company. This has been made possible by the implementation of the new information and communication technology (ICT) communication technologies, such as the use of electronic data interchange (EDI) and the internet, which allow massive volumes of information to be shared regularly and rapidly for collaboration purposes, from end-consumer demand to the upstream stages of the supply chain (Lummus and Vokurka, 1999; Van de Vorst, 2004; Van de Vorst et al., 2007; Basnet et al., 2000).

The results show that there is a substantial connection between successful adoption of SCM in Tanzanian small and medium-sized enterprises (SMEs) and constraints such as technical challenges, weak supplier cooperation, lack of top management support and inadequate funds. This suggests that Tanzanian small and medium-sized enterprises (SMEs) are often limited by technical problems, weak cooperation with their vendors, lack of top management support and inadequate funds. The findings also revealed that the exchange of information, resource control, lack of market access and limited awareness of SCM were negligible constraints affecting the implementation of SCM in Tanzanian small and medium-sized enterprises, suggesting that there is no substantial relationship between these constraints and the implementation of SCM in Tanzanian SMEs.

## **OBJECTIVE OF THE STUDY**

1. To Study On Impact Assessment Of Use Of Technology In Supply Chain Management
2. To discuss the notion of supply chain management

SCM has proven its economic edge over the success of every enterprise for over a decade now. Lower inventory costs, improved responsiveness and decreased throughput time are some of the key advantages of SCM currently discussed in the literature (Jharkharia, and Shankar, 2004).

## **The current trends of food processing industry in the global market**

The food industry is seen as the most important economic field that directly affects the everyday life of the entire population community (Farahani, 2011). There is now an extreme global rivalry in the food industry due to the rise in international exchange and foreign development that threatens local industries that have traditionally depended on national legislation to shield them from it. For example, after the removal of state control in the 1990s, Tanzania witnessed a variety of companies owned by local investors operating inefficiently or quitting the sector because they were unable to survive competition from local multinational companies and importers (Ruteri and Xu, 2009). In the downstream production of food, where food retailers have become more centered and powerful, there are some drastic changes. Many retailers are also gradually focused on their own private labels today, which would influence food processors' sales chains and/or product ranges (Hsiao, 2009).

Present societal debates (consumer demand) surrounding the food sector are primarily concerned with three topics, namely food protection, efficiency and sustainability. Consumer demand is obsessed with the food quality requirements for their healthier life. Consumers have moved towards more highly differentiated, high-quality value-added goods away from commodity products. Consumers are now deeply concerned about the larger non-economic dimensions of food consumption (sustainability), which includes environmental and social aspects, such as life cycle appraisal, biodegradable packaging, employee packaging, etc.

## **Overview of the Tanzanian food processing industry**

The food sector is one of the major sectors in Tanzania, accounting for almost half of the overall value added to production alone (URT, 2012). According to the Bank of Tanzania's 2009/2010 annual report, nearly a quarter of all registered manufacturing enterprises are in the food-processing market. The sector provides about 58,000 people with jobs, which constitutes about 56 percent of overall manufacturing employment. Beverages, sugar manufacturing, milk processing, edible oil manufacturing, fish and meat processing, grain milling, tea and coffee, fruit and vegetable processing, bakeries and confectioneries are the officially recognised sub-sectors of the food processing industry in the national statistics (Ruteri and Xu, 2009; Sutton and Olomi, 2012).

Micro, mini, medium and large processors are included in the market. Many micro- and small-scale food processors work in the informal sector and use labor-intensive and weak technology, whereas medium-sized and large-scale enterprises use sophisticated new, high-capacity technologies. The majority of local suppliers of consumer products are small and medium-sized enterprises (Ruteri and Xu, 2009).

In Dar es Salaam, most food processors are based and export their goods throughout the region. Items are channeled by centers of sales, wholesalers and manufacturers. Some processors sell to department outlets directly, and some local companies deliver to customers directly (Sutton and Olomi, 2012).

Tanzania's small and medium-sized enterprises (SMEs) sector has been recognized as an important sector that contributes significantly to economic growth by providing job opportunities, generating revenue, encouraging industrial development and alleviating poverty. SMEs are specified in Tanzania on the basis of the number of employees and the capital needed to start a company. Therefore a small company in Tanzania is any company with workers totalling between five and nine with a Tanzanian Shillings (TZS) minimum capital of 5 million and a maximum of 200 mils. A medium-sized enterprise is any enterprise with a total workforce of 10 to 99 with a minimum capital requirement of TZS 200 million and a limit of TZS 800 mil. In Tanzania, 95% of companies are projected to be SMEs and contribute to 35% of the Gross Domestic Product (GDP). While several steps have been taken by the government to promote the SME market, a number of constraints are still inhibiting SMEs in Tanzania, especially in their supply chains. The SCM constraints facing companies in Tanzania have been identified by a variety of previous reports, such as low SCM expertise, poor resource control, a lack of proper pricing policies, technology-related challenges, a lack of R and D, a lack of capital spending, managerial incapacity, poor logistics, poor storage facilities, a lack of integration and integration (Mollel, 2015; Ekblom 2016). However, despite the detection of several SCM impediments, there is still a lack of reporting about what problems exactly concern SCM in SMEs. In addition, considering the lack of capital in Tanzania, the complex problems found may be difficult to solve. Therefore this analysis aims at evaluating SCM problems in Tanzanian small and medium-sized enterprises (SMEs) and seeks to propose ways of resolving these challenges.

### **Supply chain management (SCM)**

In a number of ways, many scholars have identified SCM. In order to provide customer service at a reduced cost, Christopher (2016) describes SCM as the management of both upstream and downstream member relationships, respectively with vendors and clients. Others have specified SCM on the basis of network and process themes. For instance, SCM was described by Nguegan and Mafini (2017) as the process of preparing and managing all material procurement operations, translating them to final goods and delivering them to final consumers. In order to ensure that materials and knowledge flow seamlessly through the supply chain in order to satisfy consumer needs, Brandenburg et al. (2014) described SCM as the management of network relationships inside and outside the organisation. My interpretation of SCM for the context of this paper is based on the description provided by CSCMP. According to Cscmp.org (2019), "SCM involves planning and managing all raw material procurement activities by producing them and delivering them to customers." Coordination between the Nkwabi 565 supply chain partners, such as manufacturers, customers, intermediaries and third party customers, is also included. Furthermore,

SCM combines supply and demand across industries." Due to its ability to increase the competitive advantage, SCM has increasingly gained popularity in companies." The effects of SCM have been reported by various reports. Liu et al. (2016) observed that SCM increases distribution time and resource control. Eckstein et al. (2014) indicates that SCM allows businesses to implement resilience, which has a positive effect on both costs and operating efficiency in return. Ali et al. (2019) discovered that SCM allows SMEs to gain liquidity, operating capital and develop member partnerships positively and substantially. Notwithstanding the advantages of SCM in companies, the challenges that stand in the way of effective adoption of SCM have been recorded in numerous studies.

Therakorn (2014) stated that employee resistance to reform, low SCM awareness of employees and lack of expertise, insufficient management support, inefficient IT programmes, weaknesses in the execution of SCM strategies, inability to maintain relationships with their partners, weak cooperation and lack of trust among supply partners are the challenges. Recently, Litke et al. (2019) discovered that when using blockchains, businesses also face challenges exchanging knowledge in their supply chain. Research on the mining sector in Zimbabwe by Muchaendepi et al. (2019) exposed the lack of institutional and operational reform required to facilitate the sustainable application of SCM. In addition, Bimha et al. (2019) revealed the SCM challenges faced by businesses in Zimbabwe, such as an unfriendly market climate, a rigid tax structure, a weak regulatory system, a lack of stable government policy, financial constraints, poor procurement and inventory strategy and poor logistics and communication. Al-Esmael et al. (2019) found that in the Gulf countries, a scarcity of incentives, short-term targets, a lack of coordination, weak willingness among supply chain partners and financial, managerial and technical constraints to be issued hinder SCM in SMEs. Manville et al., (2019) found that in UK aerospace SMEs, supplier problems impair better SCM. Yang et al. (2019) stated that the main problem affecting the supply chain in SMEs was funding constraints. In Tanzania, Mollel (2015) found that SCM in food companies in Tanzania was adversely affected by knowledge sharing and outsourcing.

## **II. Conclusion**

The goal of this paper was to recognize the problems that affect the successful implementation of SCM in SMEs. This paper concludes that the crucial factors affecting the successful introduction of SCM in Tanzanian SMEs are technical challenges, coordination problems, a shortage of top management support and inadequate funds. The results of these observations are that the government and SCM practitioners need to take steps to resolve SCM-related problems. These initiatives provide budgetary resources to help SMEs take advantage of the new technology and to enhance the execution of their SCMs. Surowiec (2015) discovered that SMEs fear the introduction of SCM because they perceive SCM to be expensive. SME-supporting organisations in Tanzania, such as SIDO, should provide the top management and SME workers with appropriate SCM training to raise awareness of the SCM advantages and how to execute them effectively. Mollel (2015) indicated that training in the application of SCM is important because most SMEs lack awareness of SCM, which impacts its implementation. In addition, by promoting openness and creating trust, SMEs can strengthen their partnerships with different stakeholders so that knowledge is easily shared across the supply chain to prevent the bullwhip effect.

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